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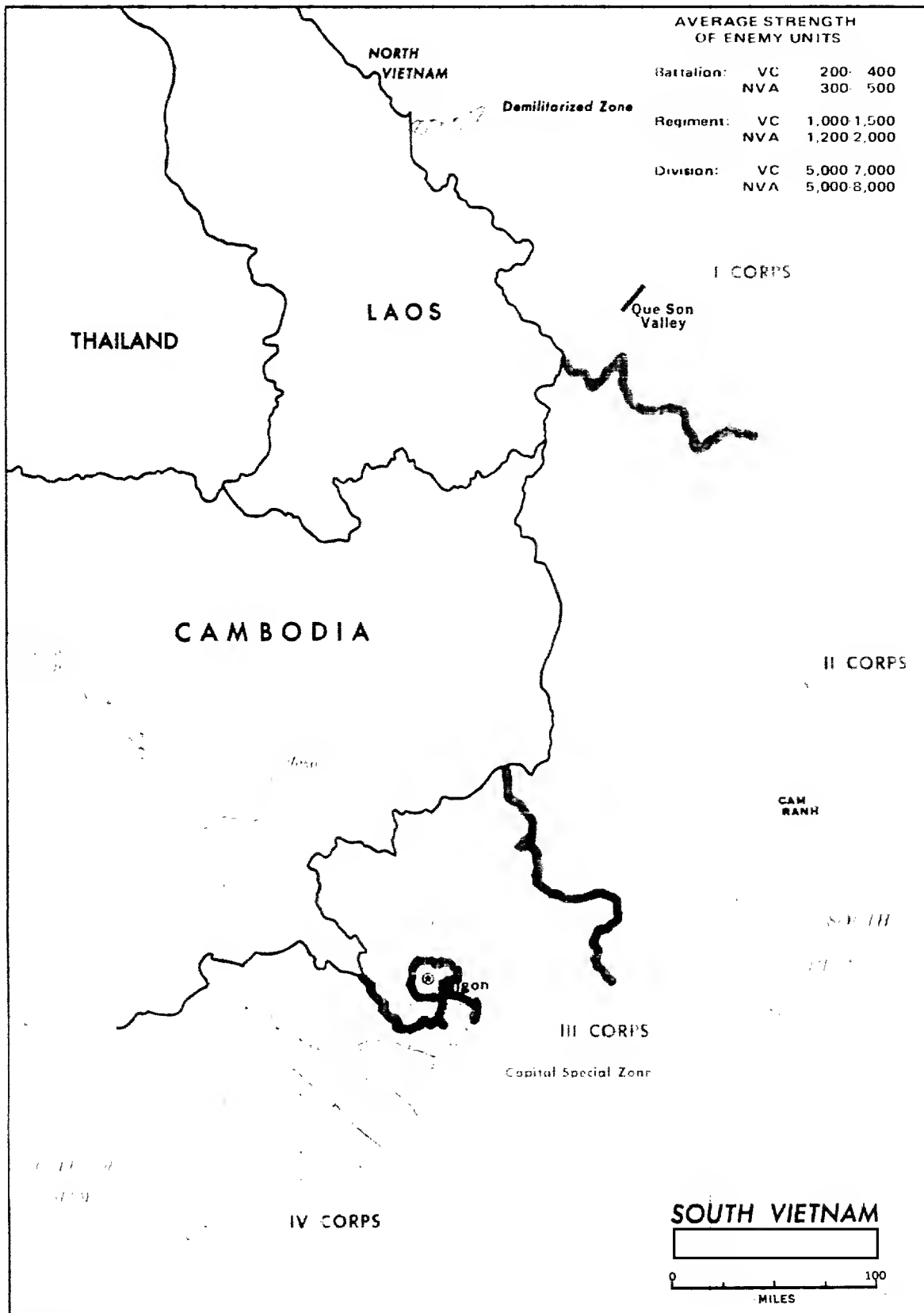
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South Vietnam:

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Military action continued to be heaviest in central I Corps yesterday.

Allied troops are still encountering stiff resistance in a week-old drive to dislodge North Vietnamese regulars from the hills around the Que Son valley. Communist terrorists were active elsewhere, with South Vietnamese civilians bearing the brunt of the attacks. Their casualties were relatively heavy.

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Arab States - Israel: There are no signs that the Arabs plan to take any immediate, decisive action against Israel in retaliation for the al-Aqsa fire.

After some days of demonstrations, calls for a holy war, and threats of renewed hostilities, the Arab foreign ministers met in Cairo. They decided to call an Arab League Defense Council meeting sometime after the first of November. The fedayeen organizations were given a vote of support and told to carry on as the symbol of the struggle against Israel. Morocco and Saudi Arabia were tasked with convening an Islamic summit, which Egypt and Jordan may use to wheedle more financial support.

* * * *

Israel is back to the daily business of border defense. Its aircraft have struck fedayeen bases and army positions in Jordan twice during the past two days. [REDACTED]

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Israeli spokesmen in Jerusalem have claimed that the number of incidents and Israeli casualties are up sharply on all borders. Faced with emotional calls for holy war and with increased terrorist incidents both at home and abroad, the Israelis may believe that the Arabs need to be reminded again of the reality of Israeli military superiority. [To emphasize this point, Israel last night staged a deep-penetration commando raid into the Nile Valley. This attack, like previous such raids, was probably designed primarily for its psychological impact rather than as a tactical military blow.] [REDACTED]

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Ghana: Tomorrow's national election ushers in a period critical to the success of the program for a new civilian government.

The elections will determine the membership of the 140-man parliament established under the new constitution promulgated by the constituent assembly. On the eve of the contest, the outcome remains a toss-up between two major parties. Both of them are moderate and generally pro-Western.

Kofi Busia's Progress Party may have a slight edge. Busia has a consistent record of opposition to the former Nkrumah regime and is popular with traditionalist elements. He also stands to profit from the controversy over the eligibility of Komla Gbedemah, leader of the other major party. There is a distinct possibility, however, that the balance of power will go to one or more of the minor parties participating.

However the voting goes, the losers are not likely to take defeat gracefully. The postelection period will be dominated by lawsuits, intense political maneuvering, and possibly violence. Should Gbedemah's party win, he would not only face prolonged legal challenges over his right to sit in parliament, but would also have to deal with key military figures who are basically hostile to him.

If a major impasse threatens to upset an orderly transition to the new regime, the present police-military junta is likely to step in and postpone the changeover, now scheduled for the end of September.

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Venezuela: The arrest of three high-ranking military officers will aggravate tensions between the minister of defense and his subordinates.

Minister of Defense Garcia is disliked by many military men because he is considered a weak administrator and an intellectual. One of the officers arrested reportedly told a Ministry of Interior official that Garcia was plotting to overthrow President Caldera. The President, who is a friend of Garcia, accepted Garcia's denial, and the officer was arrested. Another officer was arrested for "plotting to overthrow the Ministry of Defense."

There is no evidence that military discontent has reached any serious level. The recent arrests, however, coupled with the government's attempts to come to terms with the Communist insurgents, are likely to increase military unhappiness with the Caldera government.

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El Salvador - Honduras: The Central American Common Market, along with El Salvador and the United States, is becoming a target for Honduran resentment.

The Honduran Economist Association has publicly called for a policy of economic nationalism directed principally against the Central American integration movement and secondarily against foreign capital. A majority of the country's economists appear to believe that Central American integration no longer works to the benefit of Honduras and have attacked the cornerstone of the Common Market, the principle of free intraregional trade. They have also called for nationalization of unused land, an end to foreign control of the banking system, and changes in the laws regulating exploitation of natural resources.

The economists have also supported the trade unions' insistence that immigration and labor laws be strictly enforced against Salvadorans. Because most Salvadorans in Honduras do not have proper documentation and few have registered with the Ministry of Labor, strict enforcement could mean mass firings and mass deportations. Any such development would add to the pressures on Salvadoran President Sanchez for a tough anti-Honduran policy.

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Argentina: Yesterday's nationwide general strike was quite effective, despite a government warning that it was illegal. The shutdown was most successful in the major industrial centers of Buenos Aires, Rosario, and Cordoba. A few terrorist incidents were reported, but a heavy deployment of security forces prevented serious violence. The government is committed to follow up on its threat to fire public employees who took part in the strike, and it may also decide to punish private workers who participated. [REDACTED]

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Zambia: President Kaunda's extensive cabinet and party reorganization on 26 August emphasizes his pre-eminence in Zambian politics. Kaunda has extended his direct supervision of key government departments. He has also lessened the responsibilities of the two rival protagonists for the second spot in the ruling party and in the government. The other government changes for the most part rotate positions. Preliminary information on the composition of new party organs suggests an effort to balance the two major tribal-regional groupings. [REDACTED]

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